MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

PAL0022 – BASIC ACCOUNTING FOR LAWYERS

(Foundation in Law)

11 MARCH 2019
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **SEVEN** pages with **FOUR** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

Tateyama Trading acquired two machines at a cost of RM10,000 each by cheque on 1st January 2017. The machines are depreciated at 20% per annum on a straight line basis, based on monthly ownership. On 31st December 2018, one of the machines was sold for RM5,000 cheque.

The opening debit balance of the business bank account on 1st January 2017 was RM50,000.

REQUIRED

Record the above transactions and balance off the following accounts on 31st December 2017 and 31st December 2018:

a) Bank Account (7 marks)

b) Machinery Account (6 marks)

c) Accumulated Provision for Depreciation of Machinery Account (7 marks)

d) Disposal of Machinery Account (5 marks)

(Total 25 marks)

Continued...

QUESTION 2

Part A

Chocolicious Ltd. is a manufacturer of chocolates. A new clerk prepared the following Statement of Profit or Loss for the month of March 2018.

Chocolicious Ltd. Statement of Profit or Loss for the month ended March 31, 2018.			
Net sales			RM5,000,000
Less:	Operating expenses		
	Raw materials purchased	RM 800,000	
	Direct labour cost	RM 600,000	
	Advertising expense	RM 200,000	
	Selling and administrative salaries	RM 250,000	
	Rent on factory facilities	RM 300,000	
	Depreciation on factory machinery	RM 280,000	
	Depreciation on administrative and sales equipment	RM 100,000	
	Indirect labour cost	RM 150,000	
	Utilities	RM 50,000	
	Insurance	RM 40,000	RM2,770,000
Net profit			RM2,230,000

After examining other manufacturing cost data, the following additional information has been acquired.

1. Inventory balances at the beginning and end of March were:

	March 1	**March 31**
Raw materials	RM 150,000	RM 120,000
Work in progress	RM 50,000	RM 55,000
Finished goods	RM 100,000	RM 213,000

2. 70% of the utilities expense and 80% of the insurance expense apply to factory operations. The remaining amounts should be charged to selling and administrative activities.

REQUIRED

Prepare the manufacturing account for Chocolicious Ltd. for the month ended 31 March 2018. (10 marks)

Continued...

Part B

The following information was given by the treasurer of Deco Deco for 2018 activities:

	RM
Cash balance, 1 January 2018	30,000
Receipts:	
Donation received	60,000
Subscriptions received for 2018	5,000
Payments:	
Group trip expenses	3,500
Cost involved in organising charity programme	20,000
Donations to old folks homes	24,000
Administrative expenses	2,000
Decoration tools and equipment	25,000

REQUIRED

a) Prepare the Receipts and Payments account. (10 marks)

b) Prepare the Income and Expenditure account for the year ended 31 December 2018 (5 marks)

(Total 25 marks)

Continued...

QUESTION 3

Part A

The Statement of Financial Position of Aini and Aiza as at 31st December 2018 was as follows:

	RM	RM	RM
Non Current Assets:			
Premises	600,000		
Motor Vehicles	200,000	800,000	
Current Assets:			
Inventory	5,000		
Accounts Receivable	15,000	20,000	820,000
Non Current Liabilities:			
Mortgage		570,000	
Current Liabilities:			
Accounts Payable	20,000		
Bank	10,000	30,000	(600,000)
			220,000
Capital:			
Aini		120,000	
Aisha		100,000	220,000

Aini and Aiza share profits and losses: Aini 3/5 and Aiza 2/5. On 31 January 2019, it was agreed to admit Azi who has banked in money of RM50,000 as capital. As a result, the new profit sharing ratio would be Aini one half; Aiza one-third and Azi one-sixth. Aini and Aiza agreed to revalue the assets to the following amounts (as at 1 January 2019) prior to admission of Azi:

Premises	RM700,000
Motor vehicles	RM160,000

REQUIRED

Record and balance off the following accounts for the month ended 31 January 2019:

a) Premises account (2 marks)

b) Motor vehicles account (2 marks)

c) Bank account (2 marks)

d) Revaluation account (3.5 marks)

e) Capital account for each partner (using columnar format) (5.5 marks)

Continued...

Part B

The information for Lopes Sdn. Bhd. on 31 December 2018 is as follows:

	RM
Sales	2,500,000
Cost of goods sold	850,000
Wages and salaries	200,000
Administrative expenses	250,000
Current assets	
Inventory	125,000
Trade Receivables	90,000
Bank	80,000
Current liabilities	
Trade Receivables	110,000
Short term loan	50,000

Note:
The opening inventory on 1 January 2018 was RM225,000.

REQUIRED

Calculate the following ratios (round the answer to 2 decimal places):

a) Acid-test ratio (3 marks)

b) Stock turnover (3 marks)

c) Net profit as a percentage of sales (4 marks)

(Total 25 marks)

Continued...

QUESTION 4

Part A

The balances extracted from the books of Memanis Sdn Bhd. on 31 August 2018 were as follows:

	RM
Issued and paid-up capital:	
300,000 ordinary shares of RM1 each	300,000
200,000 7% preference shares of RM1 each	200,000
Interim dividend for ordinary shares	60,000
Interim dividend for preference shares	8,000
Land	6,500,000
General reserves (1/9/2017)	2,800,000
8% Loan notes	90,000
Loan notes interest	4,000
Retained profit (1/9/2017)	2,500,000
Office equipment	400,000
Accumulated provision for depreciation on office equipment (1/9/2017)	200,000
Gross profit (31/8/2018)	5,700,000
Other operating revenues	36,000
Commission received	10,000
Rent received	80,000
Trade receivables	200,000
Trade payables	280,000
Advertising and sales promotion	105,000
Utilities expenses	50,000
Insurance expenses	45,000
Directors' fees	210,000
Allowance for doubtful debts (1/9/2017)	5,500
Staff salaries	255,000
Inventory (31/8/2018)	68,000

You are given the following additional information:

1) Insurance expenses paid in advance on 31 August 2018 amounted to RM10,000.
2) Staff salaries accrued on 31 August 2018 amounted to RM30,000.
3) Utilities expenses accrued on 31 August 2018 amounted to RM4,000.
4) Loan notes interest accrued on 31 August 2018 amounted to RM3,200.
5) Rent received in advance on 31 August 2018 amounted to RM8,000.
6) The allowance for doubtful debts is to be increased to RM6,500.
7) A depreciation charge is to be made on office equipment at the rate of 20% per annum on cost.
8) Corporate tax of RM455,000 will be payable on the profit of this year.
9) The directors decided to transfer RM 100,000 to general reserves.

REQUIRED

Prepare Statement of Profit or Loss for the year ending 31 August 2018.

(15 marks)

Continued...

Part B

For each of the following activities, indicate whether it causes either cash inflow or cash outflow, and state in which activities of the statement of cash flows (operating or investing or financing) will be recorded.

No	Detail	Cash inflow or outflow	Cash flow activities (operating or investing or financing)
	Example: Purchase of new building	outflow	Investing
a)	Cash received from customers		
b)	Cash received from disposal of motor vehicle		
c)	Reduction in debts		
d)	Equity dividends paid		
e)	Corporate tax paid		

(10 marks)

(Total 25 marks)

End of Paper